

## Message Text

SECRET

PAGE 01 BANGKO 26029 01 OF 02 171221Z

43

ACTION EA-09

INFO OCT-01 ISO-00 PM-04 NSC-05 SP-02 SS-15 MC-02 EB-07

AID-05 ACDA-07 TRSE-00 OMB-01 IGA-02 L-03 PRS-01

CIAE-00 INR-07 NSAE-00 /071 W

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R 171122Z SEP 76

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 3496

INFO SECDEF WASHDC

CJUSMAG BANGKOK COURIER

CSA

CSAF

JCS

CINCPAC

S E C R E T SECTION 1 OF 2 BANGKOK 26029

CINCPAC ALSO FOR POLAD

EO 11652: GDS

TAGS: MILI PFOR TH US

SUBJ: STATUS OF AIT NEGOTIATIONS

REF: (A) STATE 197309; (B) BANGKOK 24022 (C) STATE 135762

SUMMARY. NEGOTIATIONS WITH THE RTG OVER THE TERMS FOR TRANSFERRING MUNITION STOCKS REFERRED TO AS AMMUNITION IN THAILAND (AIT) HAVE CONTINUED OVER THE PAST SEVERAL WEEKS. REMAINING DIFFERENCES ON FINANCE AND ON OTHER ASPECTS TQS AN ULTIMATE MEMORANDUM OF AGREEMENT (MOA) HAVE BEEN REDUCED TO THE POINT WHERE FINAL AGREEMENT WITH THE RTARF NEGOTIATORS APPEARS TO BE IN SIGHT. IT HAS BECOME CLEAR, HOWEVER, THAT FINAL RTG APPROVAL IS CONTINGENT UPON REVIEW BY THE MINISTRY OF FOREIGN AFFAIRS

AND THE PRIME MINISTER'S OFFICE, WHICH COULD DELAY FORMAL SIGNING OF THE AIT AGREEMENT. OUTSTANDING ITEMS ON AIT ARE DESCRIBED BELOW FOR DEPARTMENT REVIEW AND COMMENT. END SUMMARY.

SECRET

SECRET

PAGE 02 BANGKO 26029 01 OF 02 171221Z

1. ON 7, 9, AND 14 SEPTEMBER JUSMAGTHAI NEGOTIATORS MET WITH REPRESENTATIVES FROM RTARF SCHQ. THE FOLLOWING DESCRIBES PROPOSALS ARISING FROM THOSE MEETINGS.

2. GEN. KRIANGSAK, ASSISTANT SUPREME COMMANDER RTARF SCHQ, STRONGLY DESIRES TO MODIFY THE TERMS OF PURCHASE CONTAINED IN PARA 3 OF THE DRAFT MOA. THE BASIC RATIONALE BEHIND HIS POSITION IS THAT THE ORIGINAL HFA/AMEMB AGREEMENT WHICH RESULTED IN THE DECISION TO RETAIN THE AIT STOCKS IN THAILAND INSTEAD OF RETROGRADING THEM WAS BASED ON THE TERMS CONTAINED IN REF C. SPECIFICALLY, REF C STATED THAT THE "RTG WOULD BE EXPECTED TO SIGN AN MOA WHICH INDICATES THE THAIS WOULD PURCHASE THIS AMMUNITION IN INCREMENTS OVER A SPECIFIED PERIOD OF TIME (NO MORE THAN 3 YEARS.)" THE RTARF BELIEVES THAT THE U.S. SHOULD NOT IMPOSE TERMS OF PURCHASE MORE STRINGENT THAN THIS. GEN. KRIANGSAK HAS PROPOSED THE FOLLOWING PARA 3: QUOTE: THE RTG AGREES TO PURCHASE THE AIT STOCKS IN INCREMENTS OVER A SPECIFIED PERIOD OF TIME, NOT TO EXCEED THREE YEARS FROM JULY 20, 1976. THE RTG WILL PURCHASE THROUGH FMS PROCEDURES AMMUNITION FROM STOCKS IN CONUS. THESE STOCKS ON ARRIVAL IN THAILAND WILL BE USED TO REPLACE AIT STOCKS THAT MAY BE WITHDRAWN FOR USE BY MAP FOR THE RTARF. AT THE END OF THE THREE YEAR PERIOD, THE RTG AGREES TO PURCHASE ALL STOCKS OF AMMO FOR WHICH RTG FUNDS ARE AVAILABLE AT THE PRICES ESTABLISHED FOR AIT STOCKS AS OF 4 MAY 76 (DA FMS TH-UEB AND DA FMS TH-AAT). ALL OTHER STOCKS ON HAND AT THAT TIME WILL BE RELEASED TO THE USG FOR DISPOSITION. END QUOTE.

3. MISSION CONSIDERS GEN. KRIANGSAK'S ABOVE PROPOSAL UNACCEPTABLE. WE BELIEVE NO RPT NO REPLACEMENT STOCKS SHOULD BE SHIPPED INTO THAILAND AS PART OF THE AIT PROGRAM.

4. RTARF WORKING LEVEL NEGOTIATORS HAVE RAISED A MORE ATTRACTIVE VERSION OF PARA 3 AS FOLLOWS: QUOTE: THE RTG AGREES TO PURCHASE THE AIT STOCKS AS-IS, WHERE-AS IN INCREMENTS OVER A SPECIFIED PERIOD OF TIME, NOT TO EXCEED THREE YEARS FROM 20 JULY, 1976. THE RTG WILL PURCHASE THE AIT STOCKS AS FUNDS BECOME AVAILABLE TO THE RTARF. AT THE END OF THE THREE YEAR PERIOD, THE RTG AGREES TO PURCHASE ALL REMAINING AIT STOCKS ACCORDING TO THE FUNDS AVAILABLE TO THE RTG AT THAT TIME. ALL OTHER AIT STOCKS

SECRET

SECRET

PAGE 03 BANGKO 26029 01 OF 02 171221Z

ON HAND AT THAT TIME WILL BE RELEASED TO THE USG FOR DISPOSITION. END QUOTE. MISSION BELIEVES THIS IS REASONABLE COMPROMISE PROPOSAL. RTG DOES NOT PRESENTLY HAVE SUFFICIENT FUNDS AVAILABLE TO COMMIT TO PURCHASE OF AIT STOCKS AS SPECIFIED IN CURRENT PARA 3 OF THE MOA. WE ARE OPTIMISTIC THAT THIS COMPROMISE PROPOSAL WOULD RESOLVE WHAT IS CLEARLY THE MAJOR OUTSTANDING ISSUE RE AIT AGREEMENT. REFERENCE TO "FUNDS AVAILABLE" TO RTARF IS TO THE THAI BUDGETARY PROCESS WHICH, AS IN U.S., IS

AN ANNUAL EXERCISE. RTARF CANNOT BE CERTAIN IN ADVANCE OF FUNDS  
IT WILL RECEIVE  
FROM PARLIAMENT, AND ABOVE FORMULATION REFLECTS  
THIS SITUATION. IN OUR VIEW, HOWEVER, THIS FORMULATION SHOULD  
MEET OUR JOINT NEEDS.

5. THE RTARF DESIRES TO DELETE ALL EXCEPT THE FIRST AND SECOND  
SENTENCES OF PARA 9 OF DRAFT MOA. THEIR POSITION IS THAT THE  
PURPOSE OF THE AIT PROGRAM IS TO RETAIN AIT STOCKS IN THAILAND  
FOR PURCHASE AND THEY THEREFORE DO NOT RPT NOT WANT TO INSERT  
LANGUAGE INTO THE MOA WHICH WOULD ALLOW THE USG TO REMOVE ANY  
OF THE AIT STOCKS UNLESS THE USG AGREES TO REPLACE THEM. MISSION  
BELIEVES THAT THE USG MUST HAVE THE RIGHT TO WITHDRAW THE STOCKS  
FOR POTENTIAL U.S. OPERATIONAL REQUIREMENTS. IF THE THAI  
PROPOSAL WERE ACCEPTED, PARA 9 WOULD STILL RELIEVE THE USG OF  
ANY REQUIREMENT TO REPLACE STOCKS IF REQUIRED FOR USE BY U.S.  
MILITARY FORCES, BUT IT WOULD NOT SPECIFICALLY STATE THAT SUCH  
STOCKS MAY BE REMOVED. REPLACEMENT OF STOCKS REMOVED BY THE USG  
MUST NOT BE A REQUIREMENT IN OUR VIEW, SINCE REPLACEMENT COST  
WOULD BE HIGHER, REPLACEMENT WOULD REQUIRE PCH&T, AND REPLACE-  
MENT STOCKS WOULD NOT BE IMMEDIATELY AVAILABLE (OR AIT STOCKS  
WOULD NOT HAVE BEEN WITHDRAWN IN THE FIRST PLACE). FURTHER, WE  
BELIEVE SPECIFIC LANGUAGE THAT STOCKS MAY BE REMOVED SHOULD  
BE RETAINED IN THE AGREEMENT.

SECRET

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SECRET

PAGE 01 BANGKO 26029 02 OF 02 171221Z

43

ACTION EA-09

INFO OCT-01 ISO-00 PM-04 NSC-05 SP-02 SS-15 MC-02 EB-07

AID-05 ACDA-07 TRSE-00 OMB-01 IGA-02 L-03 PRS-01

CIAE-00 INR-07 NSAE-00 /071 W  
----- 043593

R 171122Z SEP 76

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 3497

INFO SECDEF WASHDC

CJUSMAG BANGKOK COURIER

CSA

CSAF

JCS

CINCPAC

S E C R E T SECTION 2 OF 2 BANGKOK 26029

CINCPAC ALSO FOR POLAD

6. WE, THEREFORE, SUGGEST THE FOLLOWING LANGUAGE WHICH INCORPORATES THE ADDITION OF THE WORDS QUOTE: AFTER NOTIFICATION OF THE RTARF SCHQ END QUOTE. QUOTE: 9. THE USG NEED NOT REPLACE ANY ITEM IN THE AIT STOCKPILE WHICH MAY BECOME UNSERVICEABLE FOR ANY CAUSE, IS REQUIRED FOR USE BY U.S. MILITARY FORCES OR WHICH MAY DISAPPEAR AS A RESULT OF THEFT, FIRE, NATURAL DISASTER OR ANY OTHER CAUSE. THE RTG AGREES TO REIMBURSE THE USG FOR ALL AIT STOCKS WHICH MAY DISAPPEAR OR BE DESTROYED DUE TO NEGLIGENCE, INATTENTION OR MALFEASANCE OF RTG PERSONNEL. JUSMAGTHAT MAY, AFTER NOTIFICATION OF THE RTARF SCHQ, FROM TIME TO TIME WITHDRAW AIT STOCKS FROM THAILAND. HOWEVER, WITH RESPECT TO AIT WHICH THE RTG HAS AGREED TO PURCHASE, THE USG UNDERTAKES NOT TO WITHDRAW SUCH USG TITLED AMMUNITION EXCEPT IN THE EVENT OF URGENT U.S. OPERATIONAL REQUIREMENTS. RTG AGREES TO PROVIDE DUTY-FREE CUSTOMS CLEARANCE FOR REMOVAL OF USG-TITLED AMMUNITION FROM THAILAND IMMEDIATELY UPON RECEIPT OF A USG REQUEST. SHOULD THE USG WITHDRAW ANY OR ALL OF THE US-OWNED AIT STOCK, THE RTG WILL  
SECRET

SECRET

PAGE 02 BANGKO 26029 02 OF 02 171221Z

PROVIDE TRANSPORTATION FROM THE STORAGE FACILITY TO THE ON-LOADING PORT AND STEVEDORING AND PORT OPERATIONS SERVICES; THE USG SHALL REIMBURSE THE RTG FOR THE COST OF SUCH TRANSPORTATION AND SERVICES, END QUOTE. WE THINK THIS ITEM IS NOT A MAJOR PROBLEM AND CAN BE RESOLVED IN COUNTRY ON QUID PRO QUO BASIS FOR USG COMPROMISE ON PARA 3 SUGGESTED ABOVE AND PARA 17 (SEE BELOW).

7. THE RTARF DESIRES TO CHANGE PARA 17 OF THE DRAFT MOA BY ADDING THE FOLLOWING AFTER THE LISTING OF POSITIONS: QUOTE: THE RTG AGREES TO REPLACE THESE 16 LWR PERSONNEL WITH RTG PERSONNEL WHEN U.S. EMPLOYMENT OF THE PRESENT EMPLOYEES ENDS. SUITABLE ENGLISH SPEAKING PERSONNEL WILL BE PROVIDED TO FILL THE 16 LWR POSITIONS. END QUOTE. JUSMAGTHAI PREFERS TO CONTINUE TO EMPLOY THE 16 LWR. HOWEVER, THE RTG WILL NOT AGREE TO REIMBURSE THE USG FOR THEIR SALARIES. WE RECOMMEND THAT PARA 17 OF THE DRAFT MOA BE CHANGED TO INCLUDE THE NEW SENTENCES ABOVE. JUSMAGTHAI INTENDS TO CONTINUE TO EMPLOY THE 16 LWR WITH OR WITHOUT REIMBURSEMENT FROM THE RTG.  
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